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There follows below background discussions and proposed positions for utilization in connection with CHINCOM matters in the May Consultative Group meeting.

1. Six Months Summary of CHINCOM Activity

Attached herewith is a summary of CHINCOM activity since the inception of the Committee. The summary does not attempt to present a completely detailed record but is aimed rather at furnishing a broad understanding of developments in the Committee. It is anticipated that the Committee Secretariat will furnish prior to the meeting a complete and authoritative summary.

2. CHINCOM Work Program

There has been prepared a separate paper entitled "Major List Extension Program for CHINCOM", which is designed not only to outline proposed Washington activity in preparation for proposals for major list extension, but also to brief the US CG delegation on the proposed plan of action and to provide, if such plan is approved, a position to be taken by the US CG delegate at the May meeting which would be in furtherance of the proposed action program.

While other work program proposals are in the process of formulation or implementation, it is felt that no particular CG effort is required at this time and that the main US CG effort should be in terms of developing the maximum receptivity by other PCs in the CG for a subsequent US major list extension proposal. As a matter of consistency with this line of approach it is recommended that Washington effort be concentrated on this particular problem and that other work program matters in the process of development be

subordinated to this effort. Should it develop that other new programs

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can be furthered at this time without impairing the major effort then those programs should be permitted to proceed and presented before CHINCOM. By the same token it would be expected that those efforts necessary to maintain US initiative and the CHINCOM agenda would be continued pending presentation of the US list extension proposal.

3. Possible CG Review of Current Problems

There do not appear to be any compelling reasons for introducing any current CHINCOM problems in the CG. Considerable progress has been made in recent weeks with respect to the UK Supplementary List and there would seem to be no really major issue presently involved therein. Discussions of the UK shipp voyage licensing and bunkering proposals have thus far been relatively productive and again there seems to be no requirement for the US to initiate discussion thereon in the CG. It would be anticipated, of course, that the US delegate would, if the issue is raised in the CG, continue to follow the US position taken in CHINCOM. Insofar as the pharmaceuticals debate is concerned, there are prospects of a conclusion of the matter around the time of the CG meeting, and there do not appear to be any matters of principle involved that are likely to be fruitfully advanced in the CG.

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4. Membership and Personnel

Paragraph 3, "Membership and Secretariat", Annex to CG Summary No. I, dated September 18, 1952, provides that Canada, France, Japan, the United Kingdom and the United States will be permanently represented on the China Committee and that after six months the arrangements for membership of the Committee will be reviewed.

As stated in the same paragraph, the permanent representation was limited so that the China Committee could deal speedily and efficiently with China problems and to avoid necessarily burdening some Delegations with the problem of increased representation. It was further stated that all CG members were entitled to participate fully in the deliberations and decisions of the China Committee with respect to any issues in which they considered they have a genuine interest.

It is further provided in Paragraph 5 that all results of China Committee work would be referred either to COCOM, to the CG, or to Governments, depending upon the nature of the subject matter in each case and of the Committee's action upon it. All recommendations would be submitted to all members of the Paris Group. There is nothing in the organizational arrangements which would enable any Government to be bound by recommendations made in the China Committee without its consent, whether or not it is a permanent member of the China Committee, or whether or not it participated in the discussions leading to the recommendations.

Insofar as attendance is concerned, nine Delegations have attended virtually all the meetings. These are the United States, the United Kingdom, France, Japan, Netherlands, Belgium, Canada, Germany and Italy. The

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Portuguese and Danish Delegation have attended irregularly, although it is believed that their absences were dictated more by other responsibilities (NATO, COCOM, and other Mission duties) than from lack of interest. The Norwegian Delegation has attended only spasmodically. It cannot be said that there has ever been a quorum problem resulting from the unavailability of Delegates because of commitments to COCOM or other duties. The China Committee Work, insofar as meeting arrangements are concerned, has not been hampered by the COCOM program. The non-member Delegations, especially the Netherlands, Belgium, Germany and Italy have been no less active in the Committee than the Japanese and the Canadians.

If Germany should reraise the issue of its admission to permanent membership--and it is recommended that we avoid raising it ourselves--it is not seen how we could avoid supporting German membership, not only because of our commitment to them last September, but because their role in the Committee has been substantial. We could and should insist, however, that membership can become full only after Germany contributes a separate CHINCOM Delegate with Far Eastern competence.

If other PCs seek permanent membership it is not seen how we could avoid supporting them provided they fulfill the same conditions. At the same time the U.S. CG Delegate should exercise his best judgment as to the timing and method of tactfully but firmly requesting the Canadian CG Delegation to furnish a separate CHINCOM Delegate, which obligation is regarded as implicit from commitments made at the 5-Power Conference last summer and in the September CG meeting.

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As to possible proposals for new members outside the CG structure, bearing in mind the particular prospect of a French proposal on behalf of the Associated States of Indochina, the United States Delegate should take the position that in principle we would support the admission of a country having a substantial interest in the China trade and where any consequent operating and political problems resulting from its association with the CG/COCOM/CHINCOM complex would not offset any economic defense advantage.

Applying this formula to the Associated States, the U. S. Delegation should pursue its own recommendations and those of the American Embassy in Paris to the effect that their membership should not be supported at this time. The U.S. Delegation may indicate that French bilateral discussions with each of the Associated States may produce the desired improvements in the control machinery without unnecessarily augmenting CHINCOM membership and slowing its processes.

The US Delegation should make it perfectly clear, however, that the US is examining the possible contribution that non-PCs, particularly in the Far East, might make as members of the Paris organization, or at least in cooperation with it, that it assumes that other PCs are doing likewise, and that the U.S. would hope to be able to present fully-considered views on: org. matter [as to membership, location,] and terms of reference of the China Committee at another reasonably early CG meeting. For the information of the U.S. CG Delegate, it is hoped that the forthcoming Far Eastern Economic Defense Officer's Meeting in June may provide valuable assistance in the examination of these issues.

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As to the personnel of the Committee, it is believed that the United States Government should express disappointment and concern over the general composition of the CHINCOM Delegations in the sense of lack of special Far Eastern experience, although it would be assumed the U.S. Delegate would make all the necessary formal and informal gestures respecting the general high degree of competence of the individual delegates in the broad economic defense field and in respect to their cooperative attitudes. The United States Delegate should express in his own language the thought that the United States has felt it is absolutely requisite that the Delegations have Far Eastern background, and that it has sought to set an example by having its Delegation composed of Far Eastern specialists with extensive experience in the China trade field. The United States Delegation should urge other CG Delegations to add Far Eastern competency to the Delegations, preferably through substitution of personnel within a reasonable time, and in the meantime to utilize special Far Eastern competency that may exist in their Missions in Paris or upon which they may call at their capitals. He should urge CG Delegates to request their Governments to mobilize their Far Eastern competency within their various agencies in support of the China Committee effort, indicating that the United States has special inter-agency area committees specifically designed to facilitate the economic defense effort.

He should state in strong terms that the United States concept of the China Committee, as expressed in our opening statements before the

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Committee, as an organization where there would be sufficient informality and openmindedness whereby the delegates would feel free to exchange their understanding of the problems based on their own background and the background of their counterparts in their respective capitals. He should express a firm view that Delegates should jointly produce Committee evaluations for referral and recommendations to their Governments rather than act as reflectors of hard Government positions. The US~~CG~~ Delegate should feel free to expand on this theme and to urge the elimination of any concept of the Committee as a post office or message center.

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S. Chairmanship

Robert Vaes, former Belgian COCOM Delegate, has served as CHINCOM Chairman since the Committee entered into active operations on November 29th. Mr. Vaes' nomination resulted largely from the initiative of the US CG/COCOM Delegation, who had been impressed with his performance in COCOM and were convinced that his training and experience in COCOM, his fairness, tactfulness, the fact that his own country had a very limited interest in the China Trade, all made him a highly acceptable candidate for the position. At the time of his selection it was understood that his Government had been desirous of giving him a new appointment outside of Paris; but the Belgium Government was prevailed upon to suspend such action at least until May or June 1953.

Recent developments indicate that the Belgium Government may still consider his remaining in Paris as Chairman of CHINCOM, and that a formal Consultative Group request would have a good chance of success. The United States Delegation to CG/COCOM/CHINCOM has urged Washington to authorize U.S. support for such a request and noted that the Belgium CG Delegate is in favor of Mr. Vaes' remaining in that position.

It is also noted that the United States Delegation has suggested that even should the Belgium Government refuse to permit Mr. Vaes to remain indefinitely, an effort might be made to have his stay extended temporarily pending a review of replacement possibilities.

Washington has already supported these recommendations, instructing

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the United States Delegation to convey its sentiment immediately favoring the retention of Mr. Vaez, and to join with other PC Delegations to insure that there will be CG support of this view. Moreover the US Delegation has been requested to consider the possible preferability that the initiative in this respect in the CG be taken by other Delegations inasmuch as the United States had been the leading proponent of Mr. Vaez' appointment. The United States Delegation was also asked to collaborate with our Embassy in Brussels respecting a bilateral approach on the subject to the Belgium Government.

His conduct of Committee operations tends to justify the favorable estimate originally made of Mr. Vaez' usefulness and the desirability of pressing for his retention as Chairman. He has an extensive understanding of economic defense problems resulting from his COCOM experience. He appears to be extremely anxious to produce a record of performance by the China Committee, which in itself serves U.S. purposes. He has dedicated himself unstintingly to the job, not only handling formal meetings with authority and tact, but making himself available as a sounding board and relay point respecting matters which are desired to be explored and/or settled outside the formal mechanism. He has demonstrated privately a sympathetic attitude toward United States aspirations in the field of control against China, although maintaining an impartial role within the Committee. He has sought compromise where he has felt that it was the only realistic method of producing some accomplishment in the field of increased control, although this would not always be in the U.S. interest where holding to principle is more important than limited accomplishment.

On the whole, however, it would be difficult to find another person as desirable for this position as Mr. Vaez. It is believed that the United

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States Delegation would require no special recommendation urging it to explore all possibilities for a replacement when and if it should appear that Mr. Vaes is fully unavailable for any extended period. The qualifications of such a replacement are believed to be fully comprehended by the United States Delegation. Although the subject has been considered previously, and further consideration might be given if necessary, it is believed that the supplying of a United States Chairman would not be in the best interests of the Committee in view of the extreme position taken by the United States in this field and the obvious wariness and distrust that would be engendered in other Delegations by such an appointment.

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